Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

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PAGE 01 DACCA 02778 040206Z
ACTION TRSE-00

INFO OCT-01 NEA-11 ISO-00 EB-08 AID-05 OPIC-06 /031 W
----------013543 040910Z /16
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FM AMEMBASSY DACCA
TO SECSTATE WASHDC 9148

UNCLAS DACCA 2778

E.O. 11652: N/A
TAGS: EFIN, BG
SUBJ: DATA FOR ANNUAL CLAIMS REPORT

REF: (A) STATE 103865, (B) 77 DACCA 2264, (C) DACCA 0056

1. STATUS OF CLAIMS REPORTED REF (B) IS AS GIVEN BELOW. YOU WILL NOTE THAT THE BDG HAS PAID OFF THE COOLEY LOAN MADE TO BANGLADESH FABRICS AND THAT BANGLADESH SERVICES HAS RESUMED PAYMENTS ON ITS COOLEY LOAN ACCORDING TO PREVIOUSLY AGREED SCHEDULE. BELBAGCO NATIONALIZATION CLAIM IS STILL UNDER NEGOTIATION. NO NEW CLAIMS HAVE BEEN MADE DURING THE PAST YEAR.

2. COOLEY LOAN TO BANGLADESH FABRICS, LTD. (NO. 391-E-098):

(A) DATE OF CLAIM -- UNKNOWN.
(B) AMOUNT OF CLAIM -- TAKA 3,073,632.60 (EQUIVALENT TO U.S. $204,830 AT TK 15.25 TO $1 BUT NOT CONVERTIBLE).

(C) NATURE OF CLAIM -- LOCAL CURRENCY "COOLEY" LOANS, PAYABLE IN TAKA, WERE ORIGINALLY MADE WITH RUPEES GENERATED UNDER PL-480 TO FIRMS IN THEN EAST PAKISTAN WHICH HAD U.S. EQUITY PARTICIPATION. THE BDG AGREED TO ASSUME LIABILITY FOR THE COOLEY LOANS IN 1976. PAYMENT HAD BEEN DELAYED PENDING AGREEMENT ON APPLICABLE EXCHANGE RATES AND AMOUNT OF ACCUMULATED INTEREST.
UNCLASSIFIED

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PAGE 02 DACCA 02778 040206Z

(D) U.S. GOVERNMENT ACTIONS TO RESOLVE CLAIM -- AFTER BDG AGREED TO ASSUME LIABILITY, EMBASSY AND BDG OFFICIALS WORKED OUT AGREEMENT ON AMOUNT DUE AND PAYMENT SCHEDULE. ALL ARREARAGES OF PRINCIPAL AND INTEREST WERE PAID IN FULL WITH FINAL PAYMENT RECEIVED ON DECEMBER 31, 1977 (REF C).

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

3. COOLEY LOAN TO BANGLADESH SERVICE (NO. 391-E-075):

(A) UNKNOWN.

(B) TAKA 1,212,424 (EQUIVALENT TO U.S. $79,500
AT TK 15.25 TO $1 BUT NOT CONVERTIBLE).

(C) SEE PARA 2, ITEM (C) ABOVE.

(D) AFTER BDG AGREED TO ACCEPT LIABILITY FOR THE COOLEY LOAN, EMBASSY AND BDG OFFICIALS WORKED OUT AGREEMENT ON AMOUNT DUE AND SCHEDULE FOR PAYMENT OF PAST DUE INSTALLMENTS OF PRINCIPAL AND ACCUMULATED INTEREST. PAYMENT OF ARREARAGES AMOUNTING TO TAKA 1,212,424 WAS MADE DECEMBER 30, 1977. BDG AGREED TO FUTURE PAYMENTS UNDER ORIGINAL SCHEDULE; THUS THIS LOAN NO LONGER REPRESENTS A CLAIM AS DEFINED REF (A) PARA 3.

4. BELBAGCO NATIONALIZATION CLAIM:

(A) OCTOBER 26, 1976.

(B) UNDER NEGOTIATION.

(C) AND (D)
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 DACCA 02778 040206Z

ON MARCH 26, 1972 THE BANGLADESH GOVERNMENT NATIONALIZED PAKISTAN FABRICS LTD. WHICH HAD BEEN OPERATING AS A JOINT VENTURE OF PAKISTANI OWNERS AND THE BELTON BAGGING CO. (BELBAGCO), A U.S. FIRM. PAKISTAN FABRICS WAS INSURED AGAINST EXPROPRIATION BY THE OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC). ON OCTOBER 26, 1976 OPIC AND BELBAGCO FILED A CLAIM FOR COMPENSATION FOR THE SEIZED PROPERTY. BDG AGREED TO PROVIDE COMPENSATION. OPIC AND EMBASSY REPRESENTATIVES HAVE MET FREQUENTLY WITH BDG OFFICIALS TO NEGOTIATE SETTLEMENT AMOUNT AND TERMS OF PAYMENT. THERE HAVE BEEN MAJOR DIFFERENCES CONCERNING VALUATION AND ACCOUNTING PRINCIPLES. HOWEVER AS A RESULT OF NEGOTIATIONS IN EARLY 1978 BETWEEN OPIC AND THE BANGLADESH AMBASSADOR IN WASHINGTON, A TENTATIVE SETTLEMENT OF THE CLAIM FOR $620,000 MAY BE IN SIGHT, SUBJECT TO APPROVAL BY THE BDG IN DACCA.
SCHNEIDER

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